

SPECIFICATION

EXPENSE MANAGEMENT SYSTEM AND METHOD

BACKGROUND OF THE INVENTION

1. Field of the Invention

[0001] The present invention relates to expense management systems and methods, and more particularly to expense management systems and methods for controlling an entire purchasing process of a department so that purchases do not exceed a predetermined budget.

2. Description of the Related Art

[0002] Departments of a large organization need to purchase maintenance, repair and operating (MRO) materials such as paper, floppy disks and stationery for daily use. Normally, administrative staff of an organization collate total MRO material requirements of the organization periodically, by collecting purchase requisitions submitted by each department. The purchase requisition of each department is submitted to the administrative staff either in hardcopy form or by electronic means such as phone, fax, or e-mail. Generally each department manages its own budget regarding MRO materials, independently of other departments. It is therefore difficult for the administrative staff to collate and organize a variety of MRO material budgets from all departments into an overall MRO material budget for the entire organization. It is particularly difficult for the administrative staff to do so in a timely manner.

[0003] An order management system and method for solving the foregoing problem is disclosed in US Patent No. 5,799,289. The order management system comprises a terminal unit provided to each of several purchasers. Each terminal

unit includes means for inputting order information to be transmitted to a communications network. A central management unit receives the order information from the terminal unit via the communications network. The central management unit includes collection processing means for managing order history information and department information related to each purchaser. The department information includes a budget for each purchaser. The central management unit also includes order permission means for permitting an execution of an order submitted by a purchaser. When a purchaser submits an order, the collection processing means calculates a total cost of previous orders based on the order history information of the purchaser, and a total cost of the order submitted. When the total cost of previous orders plus the total cost of the order submitted is calculated to be within the budget of the purchaser, the order permission means allows execution of the order submitted.

[0004] Unfortunately, the above order management system and method has limited scope. Execution of an ordering process can be approved only when the said calculation is within the budget of the purchaser. Otherwise, execution of the ordering process is rejected. In the case of rejection, the purchaser does not have any means for modifying the order to be able to purchase certain most wanted items and still stay within budget.

SUMMARY OF THE INVENTION

[0005] A primary object of the present invention is to provide an expense management system and method which can calculate a total sum of a purchase requisition of a department of an organization, compare the total sum with a surplus budget of the department, and determine how to process the purchase requisition based on the comparison.

[0006] Another object of the present invention is to provide an expense management system and method for controlling operations of a purchase and thereby decreasing total expenses and overheads of an organization.

[0007] In order to accomplish the above-mentioned objects, an expense management method for controlling a budget of each department in an organization is provided in an operational environment which includes a plurality of terminal units electrically connected to a host via an electronic communications network. The expense management method comprises the following steps. Firstly a user stores a total budget of a department in the host. Secondly, a user sends a purchase requisition of the department from a terminal unit of that department to the host via the network. Thirdly, the host calculates a budget balance of the department according to the total budget and a history of expenses of the department that is stored in the host. Finally, the host determines if a total cost of the purchase requisition exceeds the budget balance of the department. If the total cost is within the budget balance, the host sends a purchase order to an appointed supplier. Otherwise, the host sends an alarm to the user for the user to reprocess the purchase requisition.

[0008] Additionally, there is provided according to another aspect of the present invention an expense management system for controlling expenses of each department in an organization. The expense management system comprises a basic information memory module for storing information about users' departments, costs of items, suppliers, forms and articles; a transaction process module for controlling purchase requirements, purchase processes and settlement of cost accounts; an inquiring and analyzing module for inquiring and analyzing information in the basic information memory module; a statistical reports module for gathering information from the basic information memory module; and a system management module for managing users' information and protecting